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U.S. ARMY OFFICER ARRESTED IN CASE INVOLVING BRIBERY, FRAUD AND MONEY LAUNDERING SCHEME IN AL-HILLAH, IRAQ

WASHINGTON, D.C. – A Lieutenant Colonel in the U.S. Army Reserve was arrested on charges of conspiring to commit bribery, money laundering, possession of automatic weapons, theft, and wire fraud in connection with a scheme to defraud the Coalition Provisional Authority - South Central Region (CPA-SC) in Al-Hillah, Iraq, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Michael Brian Wheeler, 47, of Amherst Junction, Wisconsin, was arrested on Nov. 30, 2005 and is currently in custody in Wisconsin. In 2003 and 2004, Wheeler, a civil affairs officer, was on active duty for the United States Army, attached to and serving the CPA-SC in Al-Hillah, Iraq, where he was responsible for developing and ordering contracts and contract solicitations on which the CPA expended funds in the reconstruction efforts of Iraq.

According to an affidavit filed at U.S. District Court in the District of Columbia, beginning in 2003, certain CPA officials and a contractor conspired to rig the bids on contracts being awarded by the CPA-SC so that numerous contracts were awarded to the contractor's businesses. The affidavit alleges that Wheeler and his co-conspirators accepted money and gifts in return for using their official positions to award contracts to the contractor and his companies. The affidavit also alleges that CPA officials, including Wheeler, stole CPA funds and laundered that money, and smuggled some of the currency into the United States. According to the affidavit, Wheeler allegedly stole \$100,000 in CPA funds which he used to buy equipment in Wisconsin.

Wheeler is also charged with numerous firearms charges, including conspiring to embezzle and possess numerous .45 caliber pistols, 5.56 and 7.76 caliber automatic machine guns, and several grenade launchers that were purchased with CPA-SC funds. According to the affidavit, Wheeler and his co-conspirators used CPA funds to purchase dozens of firearms and related military-grade hardware in North Carolina, which they then converted to their own personal use.

If convicted, Wheeler faces up to 30 years in prison, a three-year term of supervised release, and a fine of \$250,000.

Wheeler is the third defendant to be charged in the Department of Justice's ongoing investigation into bribery, money laundering and fraud by U.S. government officials and contractors in Iraq. On Nov. 13, 2005, Philip Bloom, a U.S. citizen living in Romania and Iraq and the owner and operator of numerous construction and service companies doing business in Iraq, was arrested when he arrived at Newark International Airport. On Nov. 14, 2005, Robert J. Stein of Fayetteville, North Carolina, formerly the Comptroller and Funding Officer for the CPA-

SC, was also arrested in connection with the investigation. Both Stein and Bloom remain in custody.

A complaint is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

These cases are being prosecuted by Trial Attorneys Mark Yost and Patrick Murphy of the Asset Forfeiture and Money Laundering Section, headed by Section Chief Richard Weber; and Trial Attorneys James A. Crowell IV and Ann C. Brickley of the Public Integrity Section, headed by Section Chief Noel L. Hillman of the U.S. Department of Justice, Criminal Division. These cases are being investigated by the Special Inspector General for Iraq Reconstruction, Internal Revenue Service - Criminal Investigation Division, U.S. Immigration and Customs Enforcement (ICE) at the Department of Homeland Security, and the U.S. Department of State Office of Inspector General.

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